



On peak 288 kW x \$4,33000 x 23,731 d
Mid peak 252 kW x \$0.81000 x 22,75
Energy - Summer
On peak 9,076 kWh x \$0.05292
Mid peak 11,910 kWh x \$0.01
Off peak 12,338 kWh x \$0.0
Energy - Winter
Mid peak 5,624 kWh x \$
Off peak 3,634 kWh x
Customer charge

Power factor adjustment
DWR bond charge 42,
(continued on next p

Your Delivery charge
• \$272.05 transmi
• \$2,588.51 distrib
• \$22.99 nuclear
• \$240.17 public
Franchise fees repr
Your Generation ch
Transition Charge

DWR provided 21,731
Baseline Usage
\$351.47 Baseline Q
201-300% of Baseline
Over 300% of Baseline
Charges \$351

Energy - Summer
On peak 1,993 kWh x \$0.0798
Mid peak 2,616 kWh x \$0.07981
Off peak 2,710 kWh x \$0.07981 \$21
Energy - Winter
Mid peak 1,235 kWh x \$0.07981 \$98.57
Off peak 798 kWh x \$0.07981 \$63.69
Facilities related demand 360 kW x \$1,86000 \$669,600

Costs of Multi-Year Resource Adequacy

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Multi-year RA Costs

- Consideration of the potential costs of a multi-year Resource Adequacy program is included in the scope of R.14-02-001
- An analysis of potential costs will help determine the most cost-effective reliability enhancement





Multi-year RA Costs

The multi-year program design will determine costs:

1. Forward procurement years: 2, 3 or more
2. Duration of the program: temporary or permanent
3. Types of capacity included: system, local, flexible, subsets of flexible capacity
4. Required procurement percentages in forward years



Forward Procurement Years

Each additional year added to the current year-ahead RA program will:

1. Increase the risk of forecasting errors
2. Increase capital costs
3. Limit LSE procurement flexibility
4. Increase administrative costs



Program Duration

The total costs of multi-year RA will depend on the program duration.

1. A temporary program:
 - a) May end at a set date (e.g. 2020)
 - b) May end based on reliability assessment
2. A permanent program:
 - a) Regular re-evaluation to consider modifications





Capacity Types Included

1. Each type of capacity required will add to costs and should be evaluated for its contribution to reliability
2. To minimize costs, only future capacity procurement which provides a benefit should be mandated
3. System, local and flexible capacity may be included in any combination to determine the least cost design





Future Procurement Percentages

- RA program currently mandates year-ahead capacity requirements of 100% for local and 90% for system
- The percentages set for forward years will impact the costs, including the risk of stranded costs
- To minimize costs the lowest percentages should be set for each future year which provides the desired level of reliability enhancement





Summary

- R.14-02-001 calls for an analysis of the costs associated with a multi-year RA design.
- This cost analysis will be complex and involve multiple variables and program design options
- Costs are an important consideration of any multi-year framework
- **ORA recommends:** a working group to develop a cost analysis methodology for multi-year RA

